



West Virginia

Benefits From Exports

West Virginia export sales of merchandise for the year 2000 totaled \$1.47 billion, up slightly from 1997 levels but more than 95 percent higher than the state's 1993 total of \$754 million. This near-doubling of West Virginia's exports over the 1993–2000 period considerably exceeds the 68 percent increase in total U.S. exports of goods.

West Virginia exported globally to 123 foreign destinations in 2000, up sharply from 102 markets in 1997. The state's leading markets, by far, are the North American Free Trade Agreement (NAFTA) nations of Canada (\$503 million—34 percent of 2000 exports) and Mexico (\$251 million—17 percent). These two markets alone accounted for 51 percent of West Virginia's total merchandise export sales in 2000. Rounding out the state's top ten markets are Belgium, Japan, the United Kingdom, France, Brazil, South Korea, Germany, and China.

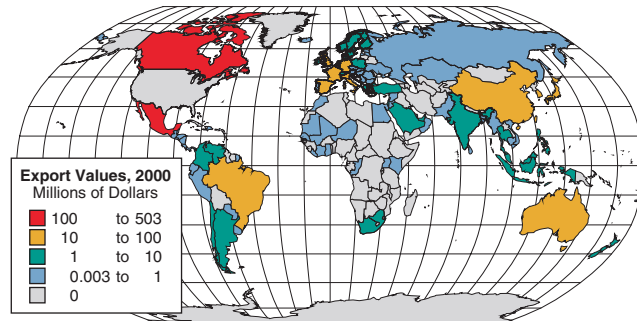
Buoyed by NAFTA, West Virginia's largest growth market, in dollar terms, is Mexico. The state's businesses sold \$34 million of goods to Mexico in 1997; by 2000, that number had burgeoned to \$251 million. The second-largest gain was in sales to Belgium, which rose from \$47 million to \$133 million. West Virginia

also posted sizable dollar gains in exports to Canada, France, China, and Taiwan.

The state's leading manufactured export categories are chemical manufactures (\$384 million in 2000 exports), primary metal manufactures (\$221 million), processed petroleum and coal products (\$214 million), and machinery manufactures (\$146 million). Together, these four sectors accounted for more than 65 percent—about two-thirds—of the state's 2000 exports. Other major manufactured exports are wood products, transportation equipment, and computers and electronic products.

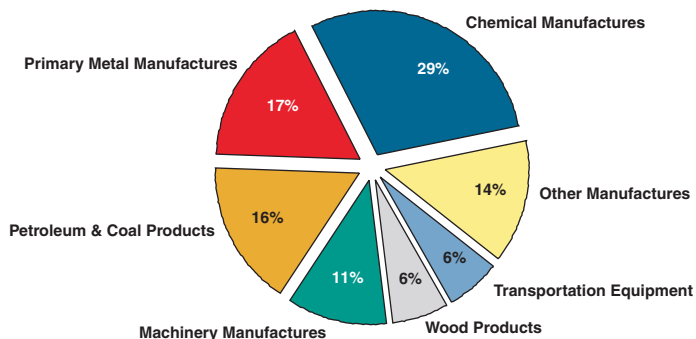
WEST VIRGINIA EXPORTED GOODS WORTH \$1.5 BILLION TO 123 FOREIGN MARKETS IN 2000

Dollar Value of West Virginia's Merchandise Exports to Foreign Markets, 2000



Source: U.S. Department of Commerce, Exporter Location Series.

WEST VIRGINIA EXPORTS A WIDE RANGE OF MANUFACTURES: \$1.31 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Apart from directly exporting a wide range of manufactures, West Virginia is also an important exporter of minerals, such as coal—a fact not apparent from U.S. export statistics because West Virginia's mineral exports are often sold indirectly, through wholesalers and other vendors located outside the state. On a sales basis, federal statistics show that in 2000 West Virginia exported minerals worth \$126 million. While significant, this figure no doubt understates the true importance of exports to the state's mining industry.

Within West Virginia the top exporting area is Charleston, which in 1999 posted merchandise export sales of \$287 million—

roughly one-third of the state total. Other West Virginia metro areas, which include portions of adjoining states, also recorded significant 1999 exports. Parkersburg-Marietta registered foreign sales of \$234 million, while Huntington-Ashland and Wheeling posted exports of \$84 million and \$8 million, respectively.

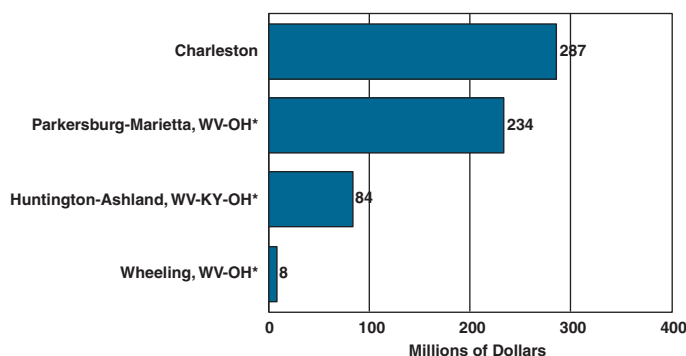
Exports Support Good Jobs

Export-related jobs tend to be high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-supported jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants. In 1997 (latest available data), West Virginia depended on manufactured exports for 20,700 jobs. Export-supported jobs accounted for an estimated 3.5 percent of West Virginia's total private sector employment.

Manufactured exports supported about 8,900 jobs in West Virginia's manufacturing industries. This was 12.2 percent of the state's manufacturing work force—roughly one of every eight manufacturing jobs. Within manufacturing, the largest numbers of export-related jobs were in primary metal manufactures and chemical products.

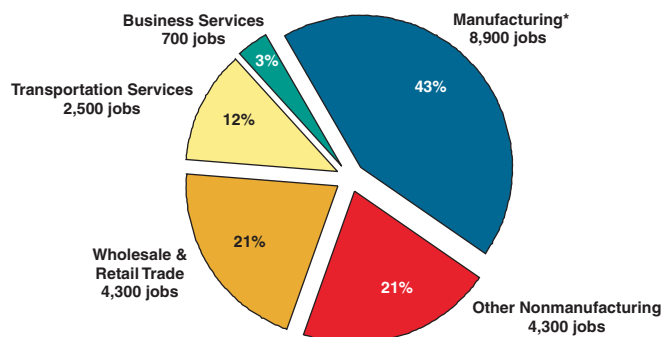
Exports of manufactured goods also indirectly supported 11,800 jobs in West Virginia's nonmanufacturing industries. These industries directly and indirectly supply manufacturers with a wide variety of inputs needed to produce goods for export.

TWO WEST VIRGINIA METRO AREAS POSTED EXPORTS OF \$200 MILLION OR MORE IN 1999



*This metro area partially overlaps into one or more adjacent states.
Source: U.S. Department of Commerce, Exporter Location Series.

20,700 WEST VIRGINIA JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 100 jobs tied to exports of processed foods.
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

Exports Help Small Business

Exports have broadly benefited West Virginia businesses, both large and small. A total of 1,337 companies exported from West Virginia locations in 1998. Nearly 65 percent of these companies, accounting for 22 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 49 percent of all West Virginia exporters were small firms with fewer than 100 workers.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a

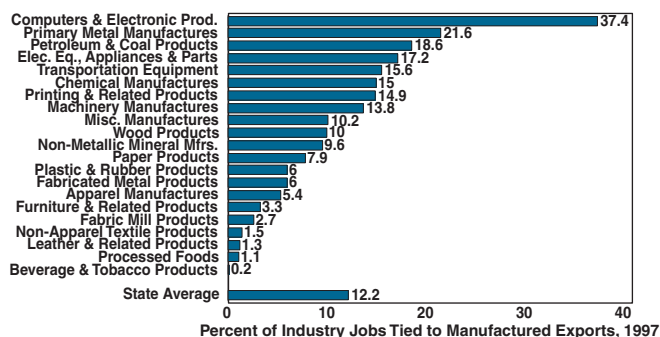
TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

TPA preserves the ability of the United States to protect public health, safety, and the environment.

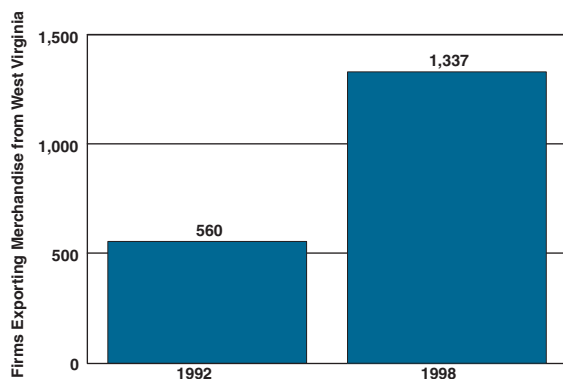
ABOUT ONE-EIGHTH OF MANUFACTURING JOBS IN WEST VIRGINIA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 12.2 percent of the 72,800 manufacturing jobs in West Virginia were tied to manufactured exports—some 8,900 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM WEST VIRGINIA ROSE 139 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

West Virginia Industries Can Gain From Trade Negotiations

West Virginia's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit West Virginia's businesses across many industrial sectors.

Chemicals. West Virginia exports a variety of chemical products. TPA would allow the United States to build on

duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Metals. Canada and Mexico are the largest markets for U.S. metal exports, which already benefit from duty-free access under NAFTA. However, tariff and nontariff barriers remain in other markets, such as the European Union, where the average tariff on nonferrous metals is twice as high as the average U.S. rate. West Virginia metal exporters also face numerous nontariff barriers, such as distribution restrictions.

Industrial machinery. While West Virginia's industrial machinery exporters have benefited from tariff reductions in previous trade agreements, the industry continues to face barriers in many markets throughout the world. For example, tariffs on industrial machinery are as high as 30

percent in Brazil and India. This sector also suffers from the many import restrictions maintained in

WEST VIRGINIA: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of West Virginia goods and services.

West Virginia exporters still face major trade barriers in such sectors as coal, chemicals, metals, and industrial machinery.

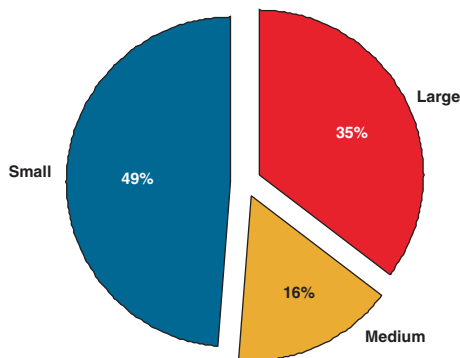
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

West Virginia's economy is export-dependent, with export sales of \$814 for every state resident.

Nearly 21,000 West Virginia jobs depend on exports of manufactured goods.

1,337 companies—including 864 small and medium-sized businesses—export from West Virginia.

65 PERCENT OF WEST VIRGINIA'S 1,337 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

potentially lucrative markets, including nontransparent and preferential government procurement practices, deficiencies in intellectual property protection, investment barriers, and the increasing use of standards as nontariff barriers to trade. In addition, restrictions on the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

Coal. The United States exports nearly 10 percent of its coal production to more than 40 countries. Export shipments are valued at the level of \$2 billion per year. The majority of U.S. export coal comes from the states of West Virginia, Kentucky, Virginia, Pennsylvania, and Colorado, and the major export market for U.S. coal is the European Union. U.S. market share could be expanded through multilateral trade negotiations to remove nontariff barriers, such as subsidies. Tariffs remain a problem. For example, the competitiveness of U.S. coal exporters has eroded in Chile—a major market—because the U.S. industry faces a higher duty than its Canadian counterparts.

Agriculture. West Virginia produces and exports agricultural products. According to the U.S. Department of Agriculture, West Virginia's agricultural exports totaled \$20 million in 1999. West Virginia's top agricultural exports are poultry products and tobacco leaf. West Virginia already benefits from past trade agreements; however, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports

in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

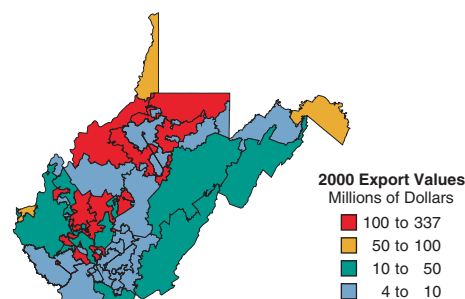
Imports Also Important to West Virginia

While exports generate clear benefits for the West Virginia economy (jobs, wages, expanded tax base, etc.), the role of imports

is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in West Virginia, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in West Virginia with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER WEST VIRGINIA

West Virginia's Merchandise Exports by Three-Digit Zip Code, 2000



Note: West Virginia's total merchandise exports in 2000 were \$1.5 billion. Due to federal disclosure regulations, shading of zip codes 248 and 259 refers to combined exports from these areas.

Source: U.S. Department of Commerce, Exporter Location Series.